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REPORT
100-455

UNITED STATES GRAIN STANDARDS ACT AMENDMENTS OF 1988

AUGUST 5, 1988.—Ordered to be printed

Mr. LEAHY, from the Committee on Agriculture, Nutrition, and Forestry, submitted the following

REPORT

[To accompany S. 2337]

The Committee on Agriculture, Nutrition, and Forestry to which was referred the bill (S. 2337) having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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BRIEF EXPLANATION

The major provisions of the bill are briefly described below.

The bill will amend the United States Grain Standards Act to extend the authority of the Administrator of the Federal Grain Inspection Service (hereinafter referred to as the "Service") to charge and collect reasonable inspection fees to cover the cost to the Service incident to the performance of official inspection and weighing of grain. This authority is extended through September 30, 1993.

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If an official agency or a State has been delegated the authority to conduct grain inspection or official weighing by the Administrator, such agency or State must pay fees to the Administrator of the Service as will cover the costs incurred by the Service relating to supervision of the agency or State personnel.

The total administrative and supervisory costs which may be incurred by the Service for inspection and weighing for each of the 1989–93 fiscal years may not exceed 40 percent of the total costs for inspection and weighing activities carried out by the Service for such year.

The bill authorizes, through 1993, sufficient appropriations to carry out the provisions of the United States Grain Standards Act for activities not funded by the collection of fees and sales of samples of grains.

The bill also extends the requirement that the Secretary establish an advisory committee to provide advice to the Administrator of the Service with respect to implementing the United States Grain Standards Act consistent with the declarations of policy set forth in section 2 of that Act.

The makeup of the advisory committee would be modified to expand membership from 12 to 15 and by recommending the addition of producers and scientists.

The bill requires the Secretary of Agriculture to conduct a study, with the assistance of the National Academy of Sciences, of the schedules of premiums and discounts applied to price support loans in order to determine how that schedule can be used to encourage the production, marketing and export of high quality, clean grain. Using the results of this study, the Secretary shall conduct a pilot project for the 1989 crops of wheat, feed grains and soybeans for the purpose of testing the use of premiums and discounts to improve the quality of grain produced. The project is to be conducted in 6 multi-county areas. The Secretary must report the results of the project to Congress.

The bill will also revise the rules governing the haying and grazing of conservation use acreage with respect to the 1988 through 1990 crops of wheat, feed grains, upland cotton, and rice to provide that haying and grazing of conservation use acreage would be prohibited if the State Agricultural Stabilization and Conservation Committee determined that haying and grazing would have an adverse economic effect in that state.

The bill will amend the United States Cotton Standards Act to provide that the Secretary of Agriculture may invest the fees collected for classing services provided by the Department of Agriculture to cotton mills and merchants under the Act and the proceeds collected under the Act from the sale of samples and copies of standards.

Background

The United States Grain Standards Act provides for the establishment of standards for quality, class, and weighing procedures for grains in the commerce of the United States. The establishment of uniform standards governing grain quality and weighing procedures is of crucial importance to our domestic grain industry. Due

to the establishment of uniform standards, purchasers of United States grain are assured of the kind and quality of their purchases.

Under the United States Grain Standards Act, the Administrator of the Federal Grain Inspection Service (the "Service") is authorized to inspect grain (corn, wheat, rye, oats, barley, flaxseed, sorghum, soybeans, mixed grain, and any other food grains, feed grains, and oilseeds) in the commerce of the United States to determine its kind, class, quality, or condition. The Administrator of the Service is also authorized to provide for the official weighing of grain.

Generally, no grain in the commerce of the United States may bear any designation respecting grade except an official grade designation, and no grain may be exported from the United States unless it has been officially inspected and weighed.

The Administrator of the Service charges and collects user fees from persons requesting official inspection and weighing in order to offset the costs incurred by the Service in providing official grading and weighing services. The authority of the service to collect such fees and charges expires on September 30, 1988. If the authority is not extended, the Service would be forced to curtail some of its inspection and weighing services.

Statement of Purpose and Need and Explanation of the Bill

FEDERAL GRAIN INSPECTION SERVICE

The purpose of the bill is to extend for 5 years, until September 30, 1993, the authority of the Federal Grain Inspection Service (the "Service") to charge user fees to cover administrative and supervisory costs incident to the official inspection and weighing of grains under the United States Grain Standards Act and to authorize necessary appropriations for the Service to carry out the provisions of that Act. This reauthorization will enhance the value and competitiveness of United States grain by ensuring that purchasers will receive the quantity and quality of the commodity they pay for.

The Service was established under the United States Grain Standards Act and the Agricultural Marketing Act of 1946 in order to establish official United States standards for grain. The Service promotes the uniform application of these standards by operating an official inspection program. The Service also regulates the weighing and certification of weight of grain shipped in interstate or foreign commerce.

Service funding is derived from three primary sources: direct appropriations, user fees and sales of grain samples.

Direct appropriations are utilized for the funding of standardization, and compliance activities, and international monitoring staff, and an advisory committee. Fees and proceeds from the sale of grain samples are used to fund direct services, supervision activities, and an appeal service. The Service also provides for testing of railroad scales on a fee reimbursable basis.

All grains and oilseeds currently exported from the United States as well as grains that are transhipped through Canadian ports must undergo inspection and weighing by the Service. Grains and oilseeds utilized solely in domestic markets are not required to undergo inspection and weighing under current law. However, in-

spection and weighing by the Service is authorized for domestically consumed grains and oilseeds at the seller's or buyer's option.

In order to carry out the inspection program, the Service employs approximately 590 individuals that provide direct services, with an annual budget of $36.8 million in fiscal year 1988. Standardization, compliance and monitoring activities employ approximately 96 persons, with an annual budget of $7.0 million in fiscal year 1988. Total funding for standardization, compliance, monitoring, and direct services are projected to be $45.1 million in fiscal year 1989.

Congress passed the Grain Quality Improvement Act in 1986 in an effort to increase the quality of United States grain in world markets. The Service has and is continuing to develop regulations necessary to implement the 1986 Act. The full market effects of the Grain Quality Improvement Act are still being evaluated. However, complaints, by foreign purchasers of United States grains have declined dramatically in 1988 when compared to the same period in 1987.

The Committee finds that such improvement is encouraging and that it contributes to the overall competitiveness of United States grains and oilseeds. The Committee is hopeful that the Service will continue to encourage the highest quality of United States grain exports.

In domestic markets, specific grains, such as wheat, may undergo end-use testing by the Service for unique qualities extending beyond traditional grading. The Service is conducting ongoing research to improve and expand the extent of such testing with expansion to other grains and oilseeds expected in the next few crop marketing years.

Providing objective and accurate grain grading is one of the most important part of the many responsibilities of the Service. Their ability to do the job correctly and with the highest integrity is paramount to the success of their mission.

During a period of several months in early 1987, certain instruments used by the Service to determine protein levels in wheat were calibrated at different levels in different parts of the country. The Committee believes that difference resulted in inaccurate protein readings for wheat from certain parts of the country and that the Service did not correct this difference in a timely fashion. The problem was of so serious nature that the Senate and House Agriculture Committees held a joint hearing on the matter.

Such differences in testing procedures are of great concern to the Committee and cannot be tolerated. When discovered, the Service should correct the inaccuracies and formally notify all affected parties as quickly as possible.

The reauthorization of the Service will help ensure that recent advances in the export of quality grain and end-use measurement continue. It will also help ensure that the Service is able to provide accurate and consistent grading procedures to all United States grain producers.

ADVISORY COMMITTEE

The 1981 budget reconciliation legislation established an advisory committee to provide advice to the Administrator of the Service with respect to the efficient and economical implementation of the United States Grain Standards Act. Currently this advisory committee has 12 members. Members must be individuals who represent the interests of all segments of the grain industry, including grain inspection and weighing services.

The Committee believes that the current makeup of the advisory committee does not provide for sufficient producer and end-user representation. The Committee feels that producers of grains and oilseeds and scientists have a particularly keen interest in grain quality issues. Producers are the most directly affected parties when quality problems cause export market declines for grains and oilseeds. Their representation on the advisory committee should be increased.

The bill expands the size of the advisory committee to 15 and provides additional direction to the Administrator of the Service by specifying that grain producing, processing, storing, merchandising, consuming, and exporting industries and scientists with expertise in research related to grain quality shall be represented on the advisory committee along with grain inspection and weighing agencies.

The bill requires that producers receive permanent representation on the advisory committee. Further, as the Service develops additional testing procedures to measure specific qualities of grains and oilseeds, domestic end-users of these grains and oilseeds should be allowed to provide input on the importance of such measurement.

COMMODITY LOANS PREMIUM AND DISCOUNT PILOT PROJECT

Producers who forfeit crops pledged as collateral for nonrecourse price support loans on commodities such as corn, wheat, or soybeans are now subject to a series of premiums and discounts based on the quality of the grain and oilseed pledged as collateral. These premiums and discounts, which are set by the Agricultural Stabilization and Conservation Service, have not been changed for several years. The levels for 1988 crops are identical with those set for 1987 and 1986 crops.

The Committee believes that the current premium and discount schedule may be adversely influencing the quality of grain production. As an example, the Commodity Credit Corporation loan premiums paid for wheat protein content are well below market values. Because of this, wheat producers may be encouraged to increase wheat yields at the expense of quality factors such as protein content.

While it is not the intention of the Committee to set the market price for end-use qualities through premiums and discounts, the Committee believes that the use of premiums and discounts should not provide an incentive to produce low quality grains and oilseeds.

In order to determine if the premium and discount schedules have an effect on grain quality the Secretary is directed to conduct a pilot project in the 1989 marketing year for wheat, corn, and soy-

beans. The pilot project shall consist of modifying the schedule of premiums and discounts applied to price support loans made available to producers of these commodities, monitoring the quality of the grain marketed within specific pilot areas and determining what effect the premium and discount schedule had on grain quality and market price.

Prior to modifying the premium and discount schedules for corn, wheat and soybeans, the Secretary shall study the use of such schedules with the assistance of the National Academy of Sciences. The National Academy of Sciences in turn shall seek the recommendations and opinions of several other organizations with expertise in the area of grain quality. These organizations shall include, but not be limited to, land grant colleges, various producer groups, grain export trade groups and domestic users of grains and oilseeds.

The project shall be conducted in a two step process. First, the Secretary shall, while consulting with the National Academy of Sciences, determine how adjustments in the premiums and discounts in commodity loans may be used to encourage quality grain production. After this determination is made, the Secretary shall report on the proposed adjustments to the premium and discount schedule, the counties selected for study and the methodology to be used to implement the pilot project to the House and Senate Committees on Agriculture.

Second, the Secretary shall implement the adjustments in commodity loan premiums and discounts in six selected multi-county areas: two predominantly wheat producing areas; two predominantly corn producing areas; and two predominantly soybean producing areas.

Not later than 180 days after the end of the marketing year for feed grains, the Secretary shall report to the House and Senate Committees on Agriculture as to the impact of the respective pilot projects on grain quality in their respective counties.

HAYING AND GRAZING

The Agricultural Reconciliation Act of 1987 modified regulations regarding the haying and grazing of conservation use acreage of program commodities. Specifically, the legislation provided that haying and grazing of conservation use acreage could be allowed except during a 5 month period between April and October of any year that is designated by the State Agricultural Stabilization and Conservation Committee. The legislation further provided that haying and grazing would be prohibited if the Secretary of Agriculture determined that the haying and grazing of conservation use acreage would have an adverse economic impact.

Producers of several commodities traditionally hay and graze conservation use acreage in the fall and winter. The bill will provide that the determination concerning the economic impact of haying and grazing shall be made at the state level by the State Agricultural Stabilization and Conservation Committee instead of being made by the Secretary of Agriculture.

COTTON STANDARDS

The United States Cotton Standards Act provides for the establishment, preparation, distribution, and use of official cotton standards. The Act authorizes contracts with cooperatives for classing cotton and payment for services, and provides for the Department of Agriculture to provide a cotton classing service for the public on a fee basis. In addition, it provides for agreements between the Secretary of Agriculture and cotton organizations in foreign countries for adoption, use, and observance of universal standards of cotton classification; for the arbitration and settlement of disputes related thereto; and for the preparation, distribution, inspection, and protection of practical forms of such universal standards.

The amendment to the United States Cotton Standards Act provided for by this bill will enable the Secretary of Agriculture to make more efficient use of funds collected under that Act.

Currently, the Act does not provide for the investment by the Secretary of any funds collected under the Act. Many other user-funded programs administered by the Agricultural Marketing Service, as well as the programs carried out by the Federal Grain Inspection Service, provide for the investment of funds collected through fees, charges, and sales of samples. By allowing investment, any interest earned will be applied to the cost of operating the program, thereby helping to keep the fees at reasonable levels.

COMMITTEE CONSIDERATION

S. 2337, to amend the United States Grain Standards Act to extend through September 30, 1993, the authority contained in section 155 of the Omnibus Budget Reconciliation Act of 1981 and Public Law 98-469 to charge and collect inspection and weighing fees, and for other purposes, was introduced by Senator Lugar and referred to the Committee on Agriculture, Nutrition, and Forestry.

The Subcommittee on Agriculture Research and General Legislation, chaired by Senator Conrad, held hearings on the bill on April 29, 1988. The Subcommittee favorably reported the bill, with amendments, on May 29, 1988.

The Committee met on June 8, 1988, to mark up S. 2337. One amendment concerning the haying and grazing of conservation use acreage for feed grains and wheat was adopted during markup. S. 2337, as amended, was unanimously reported by the Committee by a voice vote on June 8, 1988.

ROLLCALL VOTES

In accordance with paragraph 7(b) of Rule XXVI of the Standing Rules of the Senate, it is announced that—

A motion was offered to add an amendment to the bill that would provide that it is the sense of Congress that the Federal Grain Inspection Service should ensure that its grading standards and practices do not discourage the treatment of grains and oilseeds with vegetable oils where appropriate for the control of grain dust as a means of improving grain elevator safety. The motion was defeated by a vote of 7 to 7 as follows:

YEAS	NAYS
Leahy	Helms
Melcher	Cochran
Boren	Boschwitz
Heflin	McConnell
Harkin	Bond
Fowler	Conrad
Daschle	Karnes

Subcommittee Consideration

On May 29, 1988, the Subcommittee on Agricultural Research and General Legislation met, pursuant to notice, in an open business meeting to consider S. 2337, to amend the United States Grain Standards Act to extend through September 30, 1993, the authority contained in section 155 of the Omnibus Budget Reconciliation Act of 1981 and Public Law 98-469 to charge and collect inspection and weighing fees, and for other purposes.

In an opening statement, Chairman Conrad briefly summarized the provisions of the bill. He then described the amendments made to the House counterpart bill (H.R. 4345), by the Subcommittee on Wheat, Soybeans, and Feed Grains of the House of Representatives Committee on Agriculture.

Chairman Conrad also commented on issues discussed at the Subcommittee hearing on S. 2337 on April 29. Several witnesses at that hearing had expressed concern that the Federal Grain Inspection Service (the "Service") mission statement did not reflect its authority under the Grain Quality Improvements Act of 1986. At that hearing, the Administrator of the Service, Mr. Miller, had assured the Chairman that he was willing to work with Congress to revise the Service mission statement to include the objectives of promoting grain quality.

Chairman Conrad also promised to monitor the progress of the Service studies on grain classification and uniform end-use value tests as discussed at the hearing. The bill was then opened to amendment.

Senator Boren offered an amendment to amend Section 107D of the Agricultural Act of 1949 to remove the Secretary of Agriculture's discretion to prohibit haying and grazing of wheat acreage idled under the acreage limitation program. He explained that this amendment would correct a drafting error in the Omnibus Budget Reconciliation Act of 1987. The final statutory language enacted into law did not reflect the Conference Committee's agreement to eliminate the Secretary's discretion with respect to this issue. Senator Boren explained that the existing law caused great uncertainty for wheat farmers attempting to make their planting decisions in a timely manner.

Chairman Conrad invited a representative of the United States Department of Agriculture to comment on the amendment. Jerry Newcomb of the Agricultural Stabilization and Conservation Service, United States Department of Agriculture responded that the Department did not support the amendment because it removed the Secretary's discretion to limit haying and grazing. Senator Boren expressed understanding for that position, but emphasized

that this change had been worked out at the end of last year. After further discussion, the amendment was adopted by voice vote.

Senator Boren then offered an amendment to permit the Department to invest the fees collected from the sale of cotton samples and standards, as well as fees collected for cotton classing services provided to mills and merchants. He explained that the fees collected could be invested by the Secretary in insured or fully collateralized, interest-bearing accounts or, at the discretion of the Secretary, by the Secretary of the Treasury in United States Government debt instruments.

In discussing the amendment, Senator Boren noted that the Department supported this amendment. The amendment was adopted by voice vote.

Chairman Conrad offered an amendment to revise the composition and purpose of the advisory committee established to provide advice to the Service. In explaining the amendment, Chairman Conrad cited the testimony received at the Subcommittee hearing on S. 2337, as described elsewhere in this report, in which many witnesses asserted that the advisory committee was lacking in representation by individuals who have a strong academic background on grain quality.

The amendment provided for expansion of the membership of the advisory committee from 12 to 15 members and required the representation of all segments of the grain producing, processing, storing, merchandising, consuming and exporting industries, including grain inspection and weighing agencies and scientists. Members would serve 3-years staggered terms, and no member would be allowed to serve successive terms. The advisory committee would be authorized to provide advice to the Administrator on all issues listed declaration of policy of the United States Grain Standards Act, including grain quality issues. Chairman Conrad noted that the current purpose of the advisory committee is simply to provide advice to the Administrator on the efficient and economic implementation of this Act.

After Chairman Conrad explained that the Administrator of the Service did not oppose the amendment, the Subcommittee adopted it by voice vote.

Chairman Conrad then offered an amendment to require the Secretary, in conjunction with the National Academy of Sciences (the NAS), to study the use of premiums and discounts to provide market incentives for clean grain. He explained that the study would examine past schedules of premiums and discounts applied to commodity loan programs, and would recommend a schedule that would be used under the current Commodity Credit Corporation loan program to encourage the production, marketing and exporting of high quality, clean grain. The Secretary would report back to Congress on the results of this study and his recommendation.

To test the recommendation, the Secretary would conduct a pilot project in three multi-county areas, after consultation with Congress on implementation. If conducted, the pilot project sites would include wheat, corn and soybean producing areas. The Secretary and the NAS would analyze the results of the pilot project, and make recommendations for future promotion of grain quality.

$200,000 would be authorized for use by the NAS to conduct this study. Chairman Conrad explained that this issue had been discussed at the Subcommittee hearing, and that the amendment would provide an opportunity to further study the issue of grain quality.

During discussion of the amendment, Senator Karnes asked why the NAS had been selected to assist in the study, and noted that he was not familiar with NAS's expertise on grain issues. Chairman Conrad explained that NAS was considered to be an objective organization for reviewing the issue, and could complete the study rapidly.

Senator Karnes commented that land grant universities had already done a number of studies on this issue. Chairman Conrad requested that report language to S. 2337 indicate that land grant universities be consulted during the study.

Senator Karnes suggested that the number of multi-county areas in which the pilot project would be conducted be increased to six. The amendment was modified to include this suggestion.

Chairman Conrad invited a representative from the Department to comment on the amendment. Jerry Kretsch of the Agricultural Stabilization and Conservation Service explained the Department's concern that premiums and discounts in the commodity loan program be related to current market values, to ensure that the government does not purchase grain at a price which does not reflect the world market price. Chairman Conrad noted that this important point had also been discussed at the Subcommittee hearing.

Senator Karnes also asked whether the $200,000 authorization for use by NAS to conduct the study was newly appropriated money. Chairman Conrad explained that it was newly appropriated. The members discussed the possibility that the study might not be conducted if money were not appropriated. It was determined that were an appropriation not made, the amendment would still require the Secretary to conduct the study, although NAS would not be required to participate. A motion was made and accepted to adopt the modifications suggested earlier by Senator Conrad and Senator Karnes, and the amendment was then adopted by voice vote.

No further amendments were made. Chairman Conrad then moved adoption of the legislation, and asked the Clerk to call the roll. With all members present, the Subcommittee voted unanimously to approve the bill and ordered it reported favorably to the full Committee.

On Friday, April 29, 1988, the Subcommittee on Agricultural Research, and General Legislation, held a hearing on S. 2337, to discuss the reauthorization of the Federal Grain Inspection Service.

Witnesses at the hearing were as follows:

Dr. Michael J. Phillips, Senior Associate, Food and Renewable Resources, of the Office of Technology Assessment in Washington, DC.;

The Honorable Cooper Evans, a former member of Congress, of Cooper Evans and Associates in Cedar Falls, Iowa;

Mr. W. Kirk Miller, Administrator of the Federal Grain Inspection Service of United States Department of Agriculture, in Washington, DC.;

Mr. Erv Friehe of the Nebraska Wheat Board in Lincoln, Nebraska;

Mr. Cecil Watson, Chairman of the North Dakota Wheat Commission in Bismarck, North Dakota;

Mr. Chris Teigum, Chairman of the Grain Quality Committee of the American Soybean Association in Madelia, Minnesota;

Mr. Arvid Hawk, Chairman of the Grains, Grades and Weights Committee of the National Grain and Feeds Association in Washington, DC.;

Mr. Steve McCoy, Executive Director of the North American Export Grain Association in Washington, DC.; and

Mr. Lawrence Neumann, Director of National Grain Trade Council, and President of Grain Marketing at Bentsen-Quinn Company in Minneapolis, Minnesota.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

Section 1 of the bill provides that the Act may be cited as the "United States Grain Standards Act Amendments of 1988".

Section 2. Grain Standards Act

Section 2 of the bill would, effective for the period October 1, 1988, through September 30, 1993, amend the United States Grain Standards Act (USGSA) as follows:

(1) Fees for inspections.—Subsection (j) of section 7 of the USGSA is amended to provide that the Administrator of the Federal Grain Inspection Service (hereinafter referred to as the "Administrator") shall charge and collect reasonable inspection fees to cover the estimated cost to the Federal Grain Inspection Service (hereinafter referred to as the "Service") incident to the performance of official inspection. Such fees, plus any proceeds received from the sale of samples of grains, shall, as nearly as practicable, cover the costs of the Service incident to its performance of official inspection services in the United States and on United States grain in Canadian ports, including administrative and supervisory costs related to such official inspection of grain.

Fees may not be charged with respect to inspections carried out by designated official agencies (other than the Service) or by States under a delegation of authority. However, such designated agencies or States must pay fees in such amount as the Administrator determines fair and reasonable and as will cover the estimated costs incurred by the Service relating to supervision of official agency personnel and supervision by Service personnel of its field office personnel, except for costs incident to the revocation or suspension of official agency designations, and costs incident to the refusal or renewal, or suspension or revocation of licenses, the refusal of inspection and weighing services and the imposition of civil or criminal penalties.

The designated agency or State must pay such fees after the supervisory and administrative costs are performed at such times as specified by the Administrator. Failure to pay the fees within 30 days after it is due shall result in automatic termination of the del-

egation or designation. The delegation or designation shall be reinstated if the agency or State makes payment, plus interest and any further expenses, within a time period established by the Administrator. The interest rate or overdue fees shall be as prescribed by the Secretary, but not less than the current average market yield on outstanding marketable obligations of the United States of comparable maturity, plus an additional charge of not to exceed 1% per annum as determined by the Secretary and adjusted to the nearest one-eighth of 1%.

All fees and proceeds collected in accordance with sections 7(j) of the USGSA shall be deposited into a fund which shall be available without fiscal year limitation for the expenses of the Service incident to providing services under the USGSA. Any fees and proceeds and late payment penalties may be invested by the Secretary in insured or fully collateralized, interest-bearing accounts or, at the discretion of the Secretary, by the Secretary of the Treasury in United States Government debt instruments. The interest earned and any late payment penalties collected shall be credited to the fund and shall be available without fiscal year limitation for the expenses of the Service under the USGSA.

(2) Fees for Weighing.—Subsection (1) of section 7A of the USGSA is amended to provide that the Administrator shall charge and collect reasonable fees to cover the estimated cost to the Service incident to the performance of official weighing, as required by the USGSA. Such fees shall, as nearly as practicable, cover the costs of the Service incident to its performance of its functions relating to weighing, including directly related administrative and supervisory costs.

Fees may not be charged with respect to weighing carried out by designated official agencies (other than the Service) or by States under a delegation of authority. However, such designated agencies or States must pay fees in such amount as the Administrator determines fair and reasonable and as will cover the estimated costs incurred by the Service relating to supervision of official agency personnel and supervision by Service personnel of its field office personnel, except for costs incident to the revocation or suspension of official agency designations, and costs incident to the refusal of renewal, or suspension or revocation of licenses, the refusal of inspection and weighing services and the imposition of civil or criminal penalties.

The designated agency or State must pay such fees after the supervisory and administrative costs are performed at such times within 30 days after it is due shall result in automatic termination of the delegation or designation. The delegation or designation shall be reinstated if the agency or State makes payment, plus interest and any further expenses, within a time period established by the Administrator. The interest rate on overdue fees shall be as prescribed by the Secretary, but not less than the current average market yield on outstanding marketable obligations of the United States of comparable maturity, plus an additional charge of not to exceed 1% per annum as determined by the Secretary and adjusted to the nearest one-eighth of 1%.

All fees and proceeds collected in accordance with section 7A(1) of the USGSA shall be deposited into the fund created in section 7(j) of the USGSA.

(3) Limitation on Administrative and Supervisory Costs.—A new section 7D is added to provide that the total administrative and supervisory costs which may be incurred under the USGSA for inspection and weighing (excluding standardization, compliance, and foreign monitoring activities) for each of the 1989–93 fiscal years shall not exceed 40% of the costs for such activities carried out by the Service for such year.

(4) Appropriations.—Section 19 of the USGSA is amended to authorize the necessary appropriations for standardization and compliance activities, monitoring in foreign ports grain officially inspected and weighed under the USGSA, and any other expenses necessary to carry out the provisions of the USGSA for the 1989–93 fiscal years, to the extent that financing is not obtained from fees and sales of samples as provided for in sections 7, 7A, and 17A of the USGSA.

(5) Advisory committee.—A new section 21 is added at the end of the USGSA to provide for the establishment of an advisory committee to provide advice to the Administrator with respect to implementing the USGSA consistent with the declarations of policy set forth in section 2 of the USGSA. The advisory committee shall be established within 90 days after the enactment of the 1988 amendments to the USGSA. The committee shall be governed by the provisions of the Federal Advisory Committee Act.

The Administrator of the Service shall provide the Advisory committee with necessary clerical assistance and staff personnel.

The advisory committee shall have 15 members, appointed by the Secretary, representing the interests of all segments of the grain producing, processing, storing, merchandising, consuming, and exporting industries, including grain inspection and weighing agencies and scientists with expertise in research related to the policies established in section 2 of the USGSA. Members shall be appointed for 3-year terms, except that of the initial 15 members appointed after the enactment of this Act, 5 shall be appointed for 1 year and 5 shall be appointed for 2 years. No member may serve successive terms. Members shall serve without compensation (unless federal employees), but shall be allowed travel expenses.

The advisory committee established under section 20 of the USGSA prior to the amendments made by this Act, shall continue in existence until all members of the advisory committee established under section 21 of the USGSA have been appointed. The members of the advisory committee established in accordance with section 20 of the USGSA may be appointed to the new advisory committee without regard to their time of service.

Section 3. Pilot project on clean grain premiums

Subsection (a) requires the Secretary of Agriculture to conduct a study of the schedule of premiums and discounts applied to price support loans made under the Agricultural Act of 1949 in order to determine how premiums and discounts can be used to encourge the production, marketing, and exporting of high quality, clean grain. The Secretary must report the results of the study, including

recommendations with respect to a schedule of premiums and discounts, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate no later than May 1, 1989.

Based upon the recommendations developed as a result of the study, the Secretary of Agriculture shall establish a pilot project for the 1989 crops of wheat, soybeans and feed grains for the purpose of testing the effectiveness of those recommendations in encouraging the production, marketing and exporting of high quality, clean grain. The pilot project shall be conducted in at least 6 multicounty areas, equally divided between wheat, feed grains, and soybean producing areas.

Prior to the implementation of the project, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate on the method by which the project will be implemented.

Not later than 180 days after the end of the 1989 marketing year for feed grains, the Secretary must review the pilot project and report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate on the results of the project. The report shall include recommendations for further encouraging the production, marketing, and exporting of high quality, clean grain.

In carrying out the studies, reviews, and reports required by this section, the Secretary of Agriculture shall seek the assistance of the National Research Council of the National Academy of Sciences (through its Board on Agriculture).

Subsection (e) authorizes the necessary appropriations to enable the National Academy of Sciences to assist the Secretary of Agriculture in carrying out the provisions of this section, but not more than $200,000.

Section 4. Haying and Grazing of Wheat Acreage

Section 4 amends sections 101A(f)(4)(C), 103A(f)(4)(C), 105C(f)(4)(C) and 107D(f)(4)(C) of the Agricultural Act of 1949, with respect to the 1988 through 1990 crops of wheat, feed grains, upland cotton and rice, to provide that haying and grazing of conservation use acreage shall be prohibited in a state if the State Agricultural Stabilization and Conservation Committee determines that haying and grazing would have an adverse economic impact in the state.

Section 5. Cotton Fees

Section 5 amends section 5 of the United States Cotton Standards Act to provide that the fees, late payment penalties, and proceeds from sales of samples and copies of cotton standards may be invested by the Secretary of Agriculture in insured or fully collateralized, interest-bearing accounts or, at the discretion of the Secretary, by the Secretary of the Treasury in United States Government debt instruments.

ADMINISTRATION VIEWS

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC, June 13, 1989.

Hon. PATRICK J. LEAHY,
Chairman, Committee on Agriculture, Nutrition and Forestry,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Department would like to present its views on S. 2337, a bill "To amend the United States Grain Standards Act to extend through September 30, 1993, the authority contained in section 155 of the Omnibus Budget Reconciliation Act of 1981 and Public Law 98–469 to charge and collect inspection and weighing fees, and for other purposes", as amended by your Committee on June 8, 1988.

The Department recommends enactment of S. 2337, if it were amended by deleting section 3, requiring a study and pilot project on grain quality, and section 4, removing the discretion of the Secretary of Agriculture concerning alternative uses of acreage idled by acreage limitation programs.

Section 2 of S. 2337 would extend through fiscal year 1993 the authority established in the Omnibus Budget Reconciliation Act of 1981, as amended, of the Federal Grain Inspection Service (FGIS) to charge and collect inspection and weighing fees, the authority to invest user fees collected, and the 40 percent limitation on administrative and supervisory cost of FGIS.

The amendments in the Omnibus Budget Reconciliation Act effective for the period October 1, 1981, through September 30, 1984, required collection of user fees to cover administrative and supervisory costs related to official grain inspection and weighing, imposed a 35 percent limitation on administrative and supervisory costs, authorized appropriations for standardization, compliance, and foreign monitoring activities, and required establishment of an advisory committee. The amendments enabled FGIS to facilitate the orderly and timely marketing of grain in carrying out its responsibilities to provide for the establishment of official United States standards for grain, to promote the uniform application thereof by official inspection personnel, and to regulate the weighing and certification of the weight of grain.

Public Law 98–469 enacted October 11, 1984, extended the 1981 amendments through the end of fiscal year 1988, authorized the Secretary of Agriculture to invest sums collected from user fees, and increased to 40 percent the limitation on administrative and supervisory costs.

The Grain Quality Improvement Act of 1986, Public Law 99–461, was enacted November 10, 1986, to improve the quality of U.S. grain. This law prohibits dockage or foreign material once removed from grain from being recombined with any grain, and prohibits dockage or foreign material from being added to grain. The Department was directed to publish a final rule to more accurately reflect the levels of insect infestation in grain; conduct studies of premiums for high quality grain and uniform end-use value tests; and publish the optimal grain grading proposal. On June 30, 1987, FGIS

published amendments to the regulations and the Official U.S. Standards for Grain to implement provisions of this law.

During the past 4 years, FGIS has continued to manage its programs in a cost-effective manner, making the hard program decisions required to operate in a period of declining exports. Where necessary, stringent cost-cutting steps were taken to bring costs in line with revenues. This has required consolidation of certain administrative activities, closing of unproductive field offices, furloughs, and when necessary a reduction in staff and fee adjustments. For fiscal year 1987, FGIS realized a positive net operating balance of $2.9 million as a result of this aggressive approach in the effective utilization of manpower and resources. As a result, FGIS made the final $2 million payment on the $6 million budget supplement it received in fiscal year 1984 to recapitalize the revolving fund account.

Throughout the past 4 years, FGIS has cooperated with grain industry representatives and acted favorably on most of the advice from the FGIS Advisory Committee on critical program and fiscal issues.

For these reasons, the Department supports the extension of the authority contained in the amendments of 1981 and 1984.

The Department supports the amendment to S. 2337 to increase the FGIS Advisory Committee by three members.

The Department does not support the amendment (section 3) requiring a study and a pilot project for the 1989 crops of wheat, soybeans and feed grains to determine a feasible method of establishing a schedule of premiums and discounts with respect to grain offered to the Commodity Credit Corporation (CCC) as loan collateral in order to encourage and facilitate the marketing of high quality, clean grain for domestic use and for export.

It is believed that the conduct of the pilot project would result in additional costs for which there is no real corresponding benefit. Most of the grain on which producers receive loans from CCC is stored on the farm where the loans are disbursed without regard to the official grades of the loan collateral. Upon forfeiture, the grain is delivered to a commercial warehouse for the account of CCC, where it is graded and commingled with grain owned by many other depositors. We do not see the benefit of applying premiums and discounts to this grain that are not consistent with market premiums and discounts.

Premiums and discounts are negotiated daily between buyers and sellers. It is at this point in the grain marketing chain that the true value of the grain quality is determined. As these quality factor values can change daily, it is difficult to see how the USDA can ascertain premiums and discounts that do not relate to market values.

With regard to haying and grazing of acreage in conserving use under the annual commodity programs (section 4), we believe that the procedures currently in place permit producers to gain access to local forage supplies when emergencies threaten. At the same time, the interests of producers whose livelihoods depend primarily on forage and hay production are also adequately protected by the current rules. As long as the Secretary determines there will be no adverse economic effects from the haying or grazing of Acreage

Conservation Reserve (ACR) and Conservation Use Acreage (DU), such action will be permitted.

By stripping the Secretary of discretionary authority to protect the hay, alfalfa, and feed-producing segments of farming from any unnecessary adverse economic effect of haying and grazing, and shifting that authority to the State Agricultural Stabilizaion and Conservation (ASC) committees, the amendments effectively diminish the Secretary's ability to carry out various related programs. While State ASC committees may be able to effectively oversee the situation on an intrastate basis, they cannot address economic issues on an interstate basis. A decision made by State ASC committee can unitentionally create great economic harm to a neighbors State's farm sector. It is the responsibility of the Secretary to assure that this does not occur, and the Secretary must have statutory authority to fulfill this responsibility.

For 1988, grazing of ACR and CU has been approved nationwide during the seven month non-growing season, and haying has been approved for 25 States. ACR and CU are likely to total 45 to 50 million acres for the 1988 crop year. If even 5 to 10 percent of this acreage is devoted to hay that otherwise would not have been harvested, hay supplies will increase by 2 to 5 million tons and mean lower hay prices. To the extent that this hay is substituted for grain in animal rations, the additional outlays associated with reduced grain consumption could amount to between $50 million and $150 million in fiscal year 1989. Since some States have already been designated for haying, the outlay impact of the amendments would fall in the lower end of this range for the 1988 crop.

However, the amendments will apply to the 1989 and 1990 crops, as well. With ACR and CU projected to total between 35 and 45 million acres for each of those years, additional program costs arising from the amendments could therefore range between $50 million and $150 million in fiscal year 1990 and the same amount in 1991.

Section 5 would amend the United States Cotton standards Act to provide that any fees collected under this authority including late payment penalties and any interest earned, and receipts from sale of samples could be invested by the Secretary of Agriculture in insured for fully collateralized interest-bearing accounts, or by the Secretary of the Treasury in U.S. Government debt instruments. Any revenues generated would be used to offset costs of the Department of Agriculture associated with providing these serv.ces under the U.S. Cotton Standards Act and the U.S. Cotton Futures Act.

The costs of enacting the FGIS reauthorization portion of this legislation (section 2) would be $45.121 million, $45.151 million, $45.186 million, $45.231 million and $45.287 million for fiscal years 1989–1993, respectively. In each of those years, approximately 18 percent would be appropriated funds, the remainder from trust funds. In addition, the haying and grazing provisions of section 4 could add to Commodity Credit Corporation net outlays in Fiscal Year 1989–91, as noted.

We suggest the following technical amendments: on page 14, line 17–18, delete "(5 U.S.C. App. 2)"; on page 19, line 10 after "fees"

add the words "or charges collected under this Act"; and on page 19, line 11-12, delete "collected under this subsection".

The Office of Management and Budget advises that there is no objection to submission of this report from the standpoint of the Administration's program.

Sincerely,

RICHARD E. LYNG, *Secretary.*

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC, June 15, 1988.

Hon. PATRICK J. LEAHY,
Chairman, Committee on Agriculture, Nutrition and Forestry, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: This letter is to inform the Committee of the Administration's concerns regarding certain amendments adopted during the mark-up of S. 2337. The amendments to the Agricultural Act of 1949, would remove the Secretary's discretion to prohibit haying and grazing of acreage conservation reserve (ACR) and conservation use acreage (CUA) for payment. The amendments would empower the State ASC Committees to deny haying and grazing if they determine that adverse economic consequences are likely to result.

The Department is opposed to the enactment of these amendments to S. 2337.

We believe that the procedures currently in place permit producers to gain access to local forage supplies when emergencies threaten. At the same time, the interests of producers whose livelihoods depend primarily on forage and hay production are also adequately protected by the current rules. As long as the Secretary of Agriculture determines there will be no adverse economic effects from haying or grazing of ACR and CUA, such actions will be permitted.

By stripping the Secretary of Agriculture of his discretionary authority to protect the hay, alfalfa, and feed producing segments of farming from any unnecessary adverse economic effect of haying and grazing, and shifting that authority to the State ASC committees, the amendments effectively diminish the Secretary's ability to carry out various related programs. While the State ASC committee may be able to effectively oversee the situation on an intrastate basis, it cannot address economic issues on an interstate basis. A decision made by a State ASC committee can unintentionally create great economic harm to a neighboring State's farm sector. It is the responsibility of the Secretary to assure that this does not occur, and the Secretary must have the statutory authority to fulfill this responsibility.

In order to assist producers whose feed supplies are being reduced by adverse weather this Spring, it was announced that haying and grazing of ACR and CUA would be permitted during the five principal growing months on a county-by-county basis. Applications are now coming in for that assistance. The Department's average turn-around on these requests has been 24 hours.

The amendments to S. 2337 would open all ACR and CUA acres to haying and grazing during the seven non-growing months without regard to the possible adverse effects on other than local forage and hay producers. Except when poor growing conditions are widespread, adverse effects on hay and alfalfa operations are very likely to result, especially with regard to haying. Procedures under current legislation would cover such a situation.

For 1988, in areas where hay and forage supplies may be reduced because of drought, current procedures allow the full use of ACR and CUA during the five growing months. The approval process is rapid. As of June 14, about 750 counties had been approved for emergency haying and grazing in 18 States. Moreover, the Secretary has already approved nationwide grazing of ACR and CUA during the seven-month non-growing season, and 25 States have already been approved for haying. Thus, for this year, the legislation will mandate program benefits which largely are already being received. ACR and conservation use acreage is likely to total 45 to 50 million acres. If even 5 to 10 percent of this acreage is devoted to hay that otherwise would not have been harvested, hay supplies will increase by 2 to 5 million tons and result in lower hay prices. To the extent that this hay is substituted for grain in animal rations, the additional outlays associated with reduced grain consumption could amount to between $50 million and $150 million in FY 1989. Since some States have already been designated for haying, the outlay impact of the amendments would fall in the lower end of this range for the 1988 crop.

However, the amendments will apply to the 1989 and 1990 crops, as well. With ACR and CUA projected to total between 35 and 45 million acres for each of those years, additional program costs arising from the amendments could range between $50 million and $150 million in FY 1990 and FY 1991, as well.

These amendments to S. 2337 do not adequately assure the protection of the economic interests of feed producing farmers. However, current procedures do permit adequate access to local forage supplies when emergencies exist. Enactment of the amendments would also increase Federal outlays beyond that agreed to in the reconciliation conference last December. For these reasons the Department opposes inclusion of these amendments in S. 2337 and would urge that they be removed during floor consideration.

A similar letter is being sent to Senator Lugar.

Sincerely,

RICHARD E. LYNG, *Secretary.*

COST ESTIMATE

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the Committee has included the cost estimate provided by the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 13, 1988.

Hon. PATRICK J. LEAHY,
Chairman, Committee on Agriculture, Nutrition, and Forestry,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for S. 2337, the United States Grain Standards Act Amendments of 1988.

If you wish further details on this cost estimate, we will be pleased to provide them.

Sincerely,

JAMES L. BLUM, *Acting Director.*

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: S. 2337.
2. Bill title: The United States Grain Standards Act Amendments of 1988.
3. Bill status: As ordered reported by the Senate Committee on Agriculture, Nutrition, and Forestry, June 8, 1988.
4. Bill purpose: The bill would reauthorize the Federal Grain Inspection Service for fiscal years 1989 through 1993. The service is authorized to charge and collect fees for inspection and weighing services. The bill would also change producers' ability to harvest hay from cropland idled under federal commodity programs.
5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1989	1990	1991	1992	1993
Requiring appropriations:					
Estimated authorization level	8	8	8	8	9
Estimated outlays	6	8	8	8	9
Direct spending:					
Estimated budget authority	60	−5	−15	−5	.....
Estimated outlays	60	−5	−15	−5	.....

The costs of this bill fall within budget function 350.

Basis of estimate: The budget impact of Sections 1-3 would result from the reauthorization of appropriations to cover expenses for compliance and monitoring activities not covered by fees and sale of grain samples. The CBO baseline authorization levels and estimated outlays were assumed. Based on information from the Department of Agriculture, we estimate that the clean grain pilot project would cost the federal government $600,000 during fiscal years 1989 and 1990.

Section 4 would change the ability of farmers to harvest hay on idled cropland. Public Law 99-260, the Food Security Improvements Act of 1986, generally prohibited producers from harvesting hay on cropland idled under the government's commodity programs beginning with the 1987 crops. However, states are permitted to apply for the haying privilege subject to the Secretary's approval. Section 4 would remove the Secretary's authority to deny a

State's request for haying land idled under the wheat, feed grains, cotton, or rice programs.

Enactment of the bill would cause hay production to increase, reducing the use of corn in livestock feeding and thereby increasing feed grain program outlays of the Commodity Credit Corporation (CCC). The size of this direct spending effect depends on the magnitude of the increase in hay production. During the 1987 crop year, the Secretary denied haying for 4 states out of 38 that requested haying, and the CBO baseline assumes similar actions in 1988 and subsequent years. CBO estimates that enactment of the bill would cause additional hay production on 2 million to 3 million acres per year over crop years 1988 to 1990. Such additional forage would replace an estimated 30 million bushels of feed use of grains in crop year 1988 and would raise feed use by 5 million to 10 million bushels in crop years 1989 and 1990. This rise in feed use would occur because of an expansion of cattle herds in response to increased hay supplies. The change in feed use relative to the February 1988 CBO baseline would result in estimated feed grains program costs of $60 million in fiscal year 1989 followed by savings of $25 million over the 1990 to 1993 period.

Section 5 of the bill amends the United States Cotton Standards Act by allowing fees and charges collected to be used to pay the expenses of provided service without fiscal year limitation. This provision would have no significant budget impact.

S. 2337 also extends for five years the authority of the FGIS to charge user fees to cover its administrative and supervisory costs related to official inspection and weighing under the United States Grain Standards Act. The amount of spending covered by fees would average about $40 million a year over the next five years, but would have no net budget impact.

6. Estimated cost to State and local governments: None.

7. Estimate comparison: None.

8. Previous CBO estimate: On May 23, 1988, the Congressional Budget prepared a cost estimate for H.R. 4345, a similar bill ordered reported by the House Committee on Agriculture on May 18, 1988. The House bill did not include a haying provision, and the two estimates differ for that reason.

9. Estimate prepared by: Hsin-Hui Hsu, Eileen M. Manfredi, and Andrew Morton.

10. Estimate approved by: C.G. Nuckols (for James L. Blum, Assistant Director for Budget Analysis).

Regulatory Impact Evaluation

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee made the following evaluation of the regulatory impact which would be incurred in carrying out S. 2337.

The bill creates no additional regulations with the possible exception concerning the establishment of a pilot project in 6 multicounty areas to improve the quality of grains and oilseeds produced and marketed by adjusting the schedule of premiums and discounts used in price support loans made available to producers under the production adjustment programs carried out under the Agricultur-

al Act of 1949 and the transferring of certain authority concerning the prohibition of haying and grazing of conservation use acreage from the Secretary of Agriculture to State Agricultural Stabilization and Conservation Service Committees.

The bill continues the legislative authority of the Federal Grain Inspection Service to charge user fees to defray the costs of conducting inspections of grain moving in United States commerce and for export. Regulatory requirements already in place under the United States Grain Standards Act, therefore, will continue to be in effect.

The bill will result in some additional paperwork or recordkeeping requirements. The bill provides for the Secretary of Agriculture to submit a report to Congress concerning the use of the schedule of premiums and discounts for price support loans for the purpose of improving the quality of grains and oilseeds produced and marketed in the United States.

Changes in Existing Law

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

United States Grain Standards Act

* * * * * * *

Sec. 7. (a) * * *

(Note: The permanent provisions of section 7(j) of the Act are not applicable for the period October 1, 1988, through September 30, 1993.)

[(j) The Administrator shall, under such regulations as the Administrator may prescribe, charge and collect reasonable fees to cover the estimated cost of official inspection except when the official inspection is performed by a designated official agency or by a State under a delegation of authority. The fees authorized by this subsection shall, as nearly as practicable and after taking into consideration any proceeds from the sale of samples, cover the costs of the Service incident to its performance of official inspection services in the United States and on United States grain in Canadian ports, excluding administrative and supervisory costs. Such fees, and the proceeds from the sale of samples obtained for purposes of official inspection which become the property of the United States, shall be deposited into a fund which shall be available without fiscal year limitation for the expenses of the service incident to providing services under this Act.]

(Note: The amendments to section 7(j) made by this Act are effective only for the period October 1, 1988, through September 30, 1993.)

(j)(1) The Administrator shall, under such regulations as the Administrator may prescribe, charge and collect reasonable inspection fees to cover the estimated cost to the Service incident to the performance of official inspection except when the official inspection is performed by a designated official agency or by a State under a del-

egation of authority. The fees authorized by this subsection shall, as nearly as practicable and after taking into consideration any proceeds from the sale of samples, cover the costs of the Service incident to its performance of official inspection services in the United States and on United States grain in Canadian ports, including administrative and supervisory costs related to such official inspection of grain. Such fees, and the proceeds from the sale of samples obtained for purposes of official inspection which become the property of the United States, shall be deposited into a fund which shall be available without fiscal year limitation for the expenses of the Service incident to providing services under this Act.

(2) Each designated official agency and each State agency to which authority has been delegated under subsection (e) of this section shall pay to the Administrator fees in such amount as the Administrator determines fair and reasonable and as will cover the estimated costs incurred by the Service relating to supervision of official agency personnel and supervision by Service personnel of its field office personnel, except costs incurred under paragraph (3) of subsection (g) of this section and sections 9, 10, and 14 of this Act. The fees shall be payable after the services are performed at such times as specified by the Administrator and shall be deposited in the fund created in paragraph (1) of this subsection. Failure to pay the fee within 30 days after it is due shall result in automatic termination of the delegation or designation. The delegation or designation shall be reinstated upon payment, within such period as specified by the Administrator, of the fee currently due plus interest and any further expenses incurred by the Service because of such termination. The interest rate on overdue fees shall be as prescribed by the Secretary, but not less than the current average market yield on outstanding marketable obligations of the United States of comparable maturity, plus an additional charge of not to exceed 1 per centum per annum as determined by the Secretary and adjusted to the nearest one-eighth of 1 per centum.

(3) Any sums collected or received by the Administrator under this Act and deposited to the fund created in paragraph (1) of this subsection and any late payment penalties collected by the Administrator and credited to such fund may be invested by the Secretary in insured or fully collateralized, interest-bearing accounts or, at the discretion of the Secretary, by the Secretary of the Treasury in United States Government debt instruments. The interest earned on such sums and any late payment penalties collected by the Administrator shall be credited to the fund and shall be available without fiscal year limitation for the expenses of the Service incident to providing services under this Act.

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SEC. 7A. (a) * * *

(Note. The permanent provisions of section 7A(1) of the Act are not applicable for the period October 1, 1988, through September 30, 1993.)

[(1) The Administrator shall, under such regulations as the Administrator may prescribe, charge and collect reasonable fees to cover the estimated costs of official weighing and supervision of weighing except when the official weighing or supervision of weigh-

ing is performed by a designated official agency or by a State under a delegation of authority. The fees authorized by this subsection shall, as nearly as practicable cover the costs of the Service incident to its performance of official weighing and supervision of weighing services in the United States and on United States grain in Canadian ports, excluding administrative and supervisory costs. Such fees shall be deposited into a fund which shall be available without fiscal year limitation for the expenses of the service incident to providing services under this Act.]

(Note: The amendments to section 7A(1) made by this Act are effective only for the period October 1, 1988, through September 30, 1993.)

(1) The Administrator shall, under such regulations as the Administrator may prescribe, charge and collect reasonable inspection fees to cover the estimated cost to the Service incident to the performance of the functions provided for under this section except as otherwise provided in paragraph (2) of this subsection. The fees authorized by this subsection shall, as nearly as practicable, cover the costs of the Service incident to perfomance of its functions related to weighing, including administrative and supervisory costs directly related thereto. Such fees shall be deposited into the fund created in section 7(j) of this Act.

(2) Each agency to which authority has been delegated under this section and each agency or other person which has been designated to perform functions related to weighing under this section shall pay to Administrator fees in such amount as the Administrator determines fair and reasonable and as will cover the estimated costs incurred by the Service relating to supervision of the agency personnel and supervision by Service personnel of its field office personnel incurred as a result of the functions performed by such agencies, except costs incurred under sections 7(g)(3), 9, 10, and 14 of this Act. The fees shall be payable after the services are performed at such times as specified by the Administrator and shall be deposited in the fund created in section 7(j) of this Act. Failure to pay the fee within thirty days after it is due shall result in automatic termination of the delegation or designation which shall be reinstated upon payment, within such period as specified by the Administrator, of the fee currently due plus interest and any further expenses incurred by the Service because of such termination. The interest rate on overdue fees shall be as prescribed by the Secretary, but not less than the current average market yield on outstanding marketable obligations of the United States of comparable maturity, plus an additional charge of not to exceed 1 per centum per annum as determined by the Secretary and adjusted to the nearest one-eighth of 1 per centum.

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(Note: Section 7D of the Act is effective only for the period October 1, 1988, through September 30, 1993.)

LIMITATION ON ADMINISTRATIVE AND SUPERVISORY COSTS

SEC. 7D. The total administrative and supervisory costs which may be incurred under this Act for inspection and weighing (excluding standardization, compliance, and foreign monitoring activities)

for each of the fiscal years 1989 through 1993 shall not exceed 40 per centum of the total costs for such activities carried out by the Service for such year.

* * * * * * *

(Note: The permanent provisions of section 19 of the Act are not applicable for the period October 1, 1988, through September 30, 1993.)

[SEC. 19. There are hereby authorized to be appropriated such sums as are necessary for research and development as provided in section 16 of this Act; monitoring in foreign ports grain officially inspected and officially weighed under this chapter; development and issuance of rules, regulations, and instructions; improvement of official standards for grain, improvement of inspection and weighing procedures and equipment, and other activities authorized by section 4 of this Act; Federal administrative and supervisory costs related to the official inspection or the provision of weighing services for grain; the purchase or lease of any buildings, other facilities, or equipment necessary to carry out the provisions of this Act; and any other expenses necessary to carry out the provisions of this Act to the extent that financing is not obtained from the fees and sales of samples as provided for in sections 7, 7A, and 17A of this Act.]

(Note: The amendments to section 19 of the Act are effective only for the period October 1, 1988, through September 30, 1993.)

SEC. 19. There are hereby authorized to be appropriated such sums as are necessary for standardization and compliance activities, monitoring in foreign ports grain officially inspected and weighed under this Act, and any other expenses necessary to carry out the provisions of this Act for each of the fiscal years during the period beginning October 1, 1988, and ending September 30, 1993, to the extent that financing is not obtained from fees and sales of samples as provided for in sections 7, 7A, and 17A of this Act.

* * * * * * *

(Note: Section 20 of the Act is effective only for the period beginning October 1, 1981, and ending September 30, 1988. Section 21 of the Act is effective for the period October 1, 1988, through September 30, 1993.)

SEC. 21. (a)(1) Not later than 90 days after the date of enactment of this section of the United States Grain Standards Act Amendments of 1988, the Secretary shall establish an advisory committee to provide advice to the Administrator with respect to implementation of this Act consistent with the declarations of policy set forth in section 2 of this Act. The advisory committee shall consist of 15 members, appointed by the Secretary, who represent the interests of all segments of the grain producing, processing, storing, merchandising, consuming, and exporting industries, including grain inspection and weighing agencies and scientists with expertise in research related to the policies established in section 2 of this Act. Members of the advisory committee shall be appointed for 3-year terms, except that of the initial 15 members of the advisory committee first appointed following the enactment of this section, five shall be appointed for terms of 1 year and five shall be appointed for terms of

2 years. No member of the advisory committee may serve successive terms.

(2) To ensure a smooth transition, the advisory committee established under section 20 (as in effect prior to the enactment of the United States Grain Standards Act Amendments of 1988), shall continue in existence until all members of the advisory committee established under this section are appointed. The Secretary may appoint members of the advisory committee established under section 20 (as in effect prior to the enactment of the United States Grain Standards Act Amendments of 1988) to serve on the advisory committee established under this section, without regard to the time of service of such members on the initial advisory committee.

(b) The advisory committee shall be governed by the provisions of the Federal Advisory Committee Act (5 U.S.C. App. 2).

(c) The Administrator shall provide the advisory committee with necessary clerical assistance and staff personnel.

(d) Members of the advisory committee shall serve without compensation, if not otherwise officers or employees of the United States, except that members shall, while away from their homes or regular places of business in the performance of services under this Act, be allowed travel expenses, including per diem in lieu of subsistence, as authorized under section 5703 of title 5, United States Code.

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AGRICULTURAL ACT OF 1949

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SEC. 101A. * * *

(a) * * *

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(f)(1) * * *

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(3)(A) * * *

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(C)(i) Except as provided in clauses (ii) and (iii), haying and grazing of acreage designated as conservation use acreage for the purpose of meeting any requirements established under an acreage limitation program (including a program conducted under subsection (c)(1)(C)), set-aside program, or land diversion program established under this section shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. Such 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

(ii) In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on such acreage.

(iii) Haying and grazing shall not be permitted for any crop under clause (i) if the **[**Secretary**]** *State committee established under section 8(b) of the Soil Conservation and Domestic Allotment*

Act (16 U.S.C. 590h(b)) for a State determines that haying and grazing would have an adverse economic effect *in that State.*

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SEC. 103A. * * *
(a) * * *

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(f)(1) * * *

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(3)(A) * * *

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(C)(i) Except as provided in clauses (ii) and (iii), haying and grazing of acreage designated as conservation use acreage for the purpose of meeting any requirements established under an acreage limitation program (including a program conducted under subsection (c)(1)(C)), set-aside program, or land diversion program established under this section shall be permitted, except during any consecutive 5-month period that is established by the State Committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. Such 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

(ii) In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on such acreage.

(iii) Haying and grazing shall not be permitted for any crop under clause (i) if the **[**Secretary**]** *State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State* determines that haying and grazing would have an adverse economic effect *in that State.*

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SEC. 105C. * * *
(a) * * *

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(f)(1) * * *

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(4)(A) * * *

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(C)(i) Except as provided in clauses (ii) and (iii), haying and grazing of acreage designated as conservation use acreage for the purpose of meeting any requirements established under an acreage limitation program (including a program conducted under subsection (c)(1)(C)), set-aside program, or land diversion program established under this section shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. Such 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

(ii) In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on such acreage.

(iii) Haying and grazing shall not be permitted for any crop under clause (i) if the [Secretary] *State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State* determines that haying and grazing would have an adverse economic effect *in that State.*

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SEC. 107D. * * *
(a) * * *

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(f)(1) * * *

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(4)(A) * * *

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(C)(i) Except as provided in clauses (ii) and (iii), haying and grazing of acreage designated as conservation use acreage for the purpose of meeting any requirements established under an acreage limitation program (including a program conducted under subsection (c)(1)(C)), set-aside program, or land diversion program established under this section shall be permitted, except during any consecutive 5-month period that is established by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. Such 5-month period shall be established during the period beginning April 1, and ending October 31, of a year.

(ii) In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on such acreage.

(iii) Haying and grazing shall not be permitted for any crop under clause (i) if the [Secretary] *State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State* determines that haying and grazing would have an adverse economic effect *in that State.*

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UNITED STATES COTTON STANDARDS ACT

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SEC. 5. (a) The Secretary of Agriculture shall cause to be collected such fees and charges for licenses issued to classifiers of cotton under section 3 of this Act, for determinations made under section 4 of this Act, and for the establishment of standards and sale of copies of standards under sections 6, 7, and 7a of this Act, as will cover, as nearly as practicable, and after taking into consideration net proceeds from any sale of samples, the costs incident to providing services and standards under such sections, including administrative and supervisory costs. [Such fees and charges shall be credited to the current appropriation account that incurs the cost and shall remain available until expended to pay the expenses of the Secretary incident to providing services and standards under this Act and the United States Cotton Futures Act.] The Secretary may provide by regulation conditions under which cotton samples submitted or used in the performance of services authorized by this

chapter shall become the property of the United States and may be sold with the proceeds credited to the foregoing account: *Provided,* That such cotton samples shall not be subject to the provisions of the Federal Property and Administrative Services Act of 1949. *Any fees, late payment penalties, or proceeds from the sales of samples collected under this subsection, and any interest earned through the investment of such funds shall be credited to the current appropriation account that incurs the costs of the services provided under this Act, and shall remain available without fiscal year limitation to pay the expenses of the Secretary incident to providing services and standards under this Act and the United States Cotton Futures Act (7 U.S.C. 15b). Such funds may be invested by the Secretary in insured or fully collateralized, interest-bearing accounts or, at the discretion of the Secretary, by the Secretary of the Treasury in United States Government debt instruments.*

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